

AGL Resources
Atlanta Gas Light
Chattanooga Gas
Virginia Natural Gas
AGL Networks
Sequent Energy Management

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Chattanooga, TN 37421

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January 21, 2005

Chairman Pat Miller
Tennessee Regulatory Authority
Attention Carol Timberlake
460 James Robertson Parkway
Nashville, TN 37243-0505

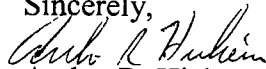
Re: Petition of Chattanooga Gas Company for Approval of Franchise Agreement
with the City of Cleveland, Tennessee, Docket 04-002311 | *Tariff 05-00129*

Dear Chairman Miller,

Attached are an original and thirteen copies of the Fourth Revised Page 51 of Chattanooga Gas Company's tariff that identifies the current level of applicable taxes and franchise fees. On January 12, 2005 in Docket 04-002311 the Tennessee Regulatory Authority approved a new Franchise Agreement between Chattanooga Gas Company and the City of Cleveland, Tennessee. In accordance with the approved agreement, the franchise fee applicable to gas sold by Chattanooga Gas Company within the environs of the City of Cleveland increased to five percent (5%). The attached tariff page reflects the revised franchise fee effective February 1, 2005.

If you have any questions please call me at 404 584 3855.

Sincerely,



Archie R. Hickerson

Director-Regulatory Affairs

C. Mrs Pat Murphy
Mr. Russell Perkins



Chattanooga Gas

CURRENT LEVEL OF APPLICABLE TAXES

APPLICABILITY

This Schedule shall be applicable to all Rate Schedules and to each Customer rendered gas service hereunder except for those Customers qualifying for specific exemption. A copy of the appropriate State approved exemption certificate form shall be filed with the Company in order to qualify for exemption

BILLING

The taxes due under this Schedule shall be included in the monthly bill for service rendered and shall be considered as an integral part of the total monthly bill due.

APPLICABLE TAXES

CITY OF CLEVELAND FRANCHISE TAX

This Tax shall be billed at the rate of 5% on the Cleveland Division Customers subject to the Tax

STATE OF TENNESSEE SALES TAX

This Tax shall be billed as follows:

Residential - Tax Exempt Effective July 1, 1985

Multi-Family Housing Service - Billed at rate of 7%.

Commercial and Industrial - Billed at rate of 7% unless Customer qualifies for special 1 1/2% rate or total exemption